[15th May 1954

MR. CHAIRMAN :—" The question is—

' That the Madras General Sales Tax (Second Amendment) Bill, 1954 (L.A. No. 20 of 1954), as passed by the Assembly, be passed.' "

The motion was carried and the Bill was passed.

(2) THE MADRAS MEDIUM COTTON MILL CLOTH (SALES TAX) BILL, 1954 (L.A. BILL NO. 21 OF 1954).

* THE HON. SRI M. A. MANICKAVELU NAICKER :— " Sir, I beg to move—

' *That the Madras Medium Cotton Mill Cloth (Sales Tax) Bill*[a], *1954 (L.A. Bill No. 21 of 1954), as passed by the Assembly, be taken into consideration.*'

Sir, the object of this Bill is the same as the previous Bill. Only it refers to a particular variety of cloth. That is all the difference."

MR. CHAIRMAN :—" Motion moved—

' That the Madras Medium Cotton Mill Cloth (Sales Tax) Bill, 1954 (L.A. Bill No. 21 of 1954), as passed by the Assembly be taken into consideration.' "

* DR. V. K. JOHN :—" Mr. Chairman, Sir, I did not originally want to speak on this Bill, because this Bill is the same as the previous Bill that was just now passed. Reference has now been made to the handloom industry by very many speakers, and particularly the Hon. Minister who introduced this Bill stated that it was with a view to augment the revenues of the State that the Government decided to levy this additional sales tax on mill goods. That position has been given up entirely. Speaker after speaker has said that it is for the purpose of assisting the handloom weavers. I think that after the discussion on the budget last time the argument that the handloom weavers are suffering was given up by the Government. The handloom weavers are not at all suffering. The fact is that ever since 1853 when the first mill was put up in Bombay, there was agitation by the handloom weavers. We find that in 1920–21 the handloom industry in India produced 1,119 million yards, and in 1952–53 the industry produced 1,850 million yards. It is always on the increase. In South India the quantity of yarn produced by the mills, particularly by the Mills in Coimbatore, is on the increase. The quantity of yarn consumed by the handloom weavers is also on the increase. Therefore, Sir, the handloom weavers are not suffering at all. They are improving. But an artificial agitation has been engineered. There have been hunger marches. Have the Government any figures to show how many people have been employed in the handloom industry for the last so many years? How much quantity of yarn is consumed by them, and what is their production? Let the Government collect statistics, and then we will

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[a] Printed as Appendix IV on pages 142–143 infra.

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find that the handloom weaver is not at all suffering. The agitation is artificial. We must always remember that the handloom weavers cannot produce even a fraction of the cloth that is consumed in this country. The Governmet should not levy an additional tax on mill cloth with a view to benefiting the handloom weavers. Actually the handloom weavers do not very much compete with the mill cloth. What they produce is certainly different. There is always the feeling that there is competition between the handloom industry and the mill industry. I say that this is wrong. In our State there is no understanding of the principle which is understood and practised in every part of the world, particularly in places like the United States of America, Britain, Japan, etc., where there are great and big industries. The cottage industries should not compete with the large-scale industries, but they must be complementary and supplementary. That is the lesson which we should learn. It is not by stifling and by killing the mill industry that we should help the handloom industry. But the handloom industry can be helped by regulating the trade. The handloom industry must occupy the place that it occupies in every other part of the world. Everywhere it is only supplementary to the mill industry. The mill industry has come to stay. Machinery has come to stay in this country. Are the Government going to tell people that out of patriotism they should not purchase cloth which is better, finer, and cheaper too, and that they should purchase only handloom cloth? Will people buy *khaddar* out of patriotism, except perhaps a few? "

SRI A. M. ALLAPICHAI :—" We are buying, Sir."

* DR. V. K. JOHN :—" Sir, the hon. Member says that he is buying khaddar. Will he be good enough to say that he will give all the money that he earns to this State for the benefit of the people of this State? It is for the good of the people of this State! Why should he not say ' yes ', to the question? This measure is a regressive taxation measure. This cannot be borne by the people of the State. It is idle for any one to say that the State is benefitted. I ask him to pay all the money that he gets to the State. Why is he not doing so? The point is that the whole tax is a burden on the people. The question is, can the people bear this regressive taxation? I say that the public in this country and in this State are certainly against this regressive taxation measure. Sales tax is one of the most regressive measures of taxation, and it is a burden on the people. People have been impoverished greatly, and no money is available for industry or even for the necessaries of life. I ask the Government not to resort to this regressive tax. At the time of the budget discussion, the Government said that this was not a good revenue measure. They also pointed out that if this tax was introduced they would give up the tax of one and a half pies in the rupee now levied on handloom products. Not one word was said by the Hon. Minister about the removal of this one and a half pies levy on handloom products.

The hon. Member Mr. Bhashyam asked, 'Are we to kill the handloom industry'? He said that this measure would indirectly help the handloom industry. The handloom industry does not supply all the nice varieties that people want and which the mills supply. The Government want to kill the mill industry and say that such nice varieties do not exist. Sir, if I may use strong language, I should say that it is absolutely foolish on the part of any thinking Government to do so. I oppose this motion. I hope
4-30 p.m. my faith is not in this legislature because in this legislature the sovereignty of the people has not been established. The sovereignty of the people is established when the Executive is responsible to the people, the legislature, and not when the legislature is responsible to the Executive. Freedom of vote should be given to Members of the Legislature on all measures of taxation. They must be allowed to vote as they like according to their own conviction and conscience. But now the whip is there and hon. Members are told: 'Do not obey your conscience or act according to your conviction but support the measure brought in by the Government, the Executive'. Sir, we are doing just the opposite of what the Constitution provides, namely, the establishment of the sovereignty of the people. I say in a democracy, except where confidence is involved, the Members of the Legislature must be free to vote as they like. But the Government would not allow the vote to be free. They get regressive measures of legislation passed against the conscience and conviction of the representatives of the people in this House as well as in the other House. I therefore want the Government of India to know that this is a measure which is very unpopular in the State, against which there is Statewide agitation. They should not allow this measure to become law, whatever be the fate of the measure in this House. I am quite sure in this House with the steam roller majority that the Government have and the executive sitting tight over the Members of this House, the measure will be passed. But I hope and I have every confidence that the Government of India, who know things better, will not allow this measure to be put on the Statute Book."

TRUTH ALONE TRIUMPHS

* SRI K. BHASHYAM :—" Mr. Chairman, Sir, I thought there will be no necessity for a speech from me after what has been said on the previous measure. Now the hon. the Deputy Leader of the Opposition has taken upon himself to say a few words on this Bill as well. So I thought I had better follow his good example and say a few words myself. Of course, I know as things stand to-day, the handloom industry cannot produce all the cloth that is necessary to meet the requirements of this country, if we mean India as a whole. But I would like to remind the hon. the Deputy Leader of the Opposition that before he was born, and before his father was born, all the cloth requirements of this country were met by the handloom industry. (Hear, hear.) Our requirements were fully met by these handloom weavers and by persons who really did spinning also. (An hon. Member: 'It was hundreds of years ago.') In respect of many things, if only we reverted to our

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old traditions that were obtaining hundreds of years ago, we would get many things better than what we are getting to-day. It is the curse of civilisation that is oppressing us that makes us say things that are not completely Indian. It is because of that India was ruined. People are not able to appreciate things properly, and appreciate things done by people in this country following the old tradition. As a matter of fact a hundred years ago we did not depend upon mill cloth. Our requirements were met by the handloom industry, within the country. Fifty years ago the handlooms were really producing three-fourths of our requirements. Twenty years ago, I can tell you fifty per cent was supplied by the handloom industry. To-day I understand—if I remember aright—a third of the cloth requirements of this country comes from the handloom industry. I am not quite sure of my figure. Even a third of the requirements of the country is not a negligible quantity. It is a very large quantity that is supplied by the handloom weavers. And they supply what cloth? They don't supply the cheap, inferior variety of cloth that you get from the mills. They supply superior, nice, and well produced cloth, which is appreciated by people who have a taste for and, appreciation of, good things. Therefore I ask, if we kill this industry and do not allow this to flourish, what will happen? People will not appreciate good things. This new civilisation and demand for cheap and inferior things will take hold of the people of this land. This has been responsible for the killing of this industry. I would ask people to go back by one hundred years. I would like the hon. the Deputy Leader of the Opposition to go back by one hundred years and develop a taste for good things in the country. He will be helping the handloom industry if he did that and not go in for cheap things. Why do I ask him to do this? Because he is an Indian. We are all persons born in this country. He is bound to be an Indian and we are all bound to be Indians and bound to support Indian handicraft. He was not born in England. He was not imported into this country from England. He was born in this country and he is bound to support this country and his countrymen here. There is no use of saying: 'Why should I'?"

SRI MOHAMED RAZA KHAN :—" Will the hon. Member use a double-bullock cart instead of the motor-car he is using now to go to his office?"

* SRI K. BHASHYAM :—" I am not able to understand what the hon. Member said. I am in the midst of my speech . . . ."

DR. V. K. JOHN :—" Would the hon. Member go for his work in a double-bullock cart instead of in the motor-car as he is doing now?"

* SRI K. BHASHYAM :—" I have done it. If I am obliged to do it, I will certainly do it. As you are in the City you are not able to do it. In the villages you have to go by bullock-cart. For some distance you go by bus and then necessarily you have to go by bullock-carts. In the villages, if you want to see your own

relatives, you go by bullock-cart. What is the difficulty about it? We can reconcile the two. If I wanted I could reconcile the two. If I do not want I won't reconcile the two but would go on persisting in my own idea. I think it is a wrong thing to do. I would therefore respectfully submit to the hon. the Deputy Leader of the Opposition to revise his notion on these matters.

"In this connection I would like to point out that it is not as if these handlooms are really useless things. There is an opinion held by some people that 'this is an uneconomic industry; it is bound to die and therefore why help a dying man?'. The industry is dying because it is being killed by poison. It is dying because things are being done which are not conducive to the industry. If only we decided not to buy mill cloth but only buy handloom cloth the industry will live. In this House hon. Members may take a vow that they will purchase only handloom cloth and not the mill cloth. Instead of going in for foreign cloth and mill cloth you must support the handloom industry and help your own countrymen. There is a good deal of mischief and misconception in respect of the handloom industry. If only responsible people, people holding responsible and influential positions in life, take up the question of the handloom industry and carry on propaganda for the handloom cloth, we still hope that the handloom industry will survive. The handloom industry to-day is disorganized whereas the mill industry is organized. There are persons who write in the newspapers and who also speak in the legislature on behalf of the mill industry. They are rich and organized. They are able to enlist the support of the influential people. In all this the handloom industry is at a disadvantage. It is disorganized. It has to work against an organized, well financed and well set up organization like the mill industry. Therefore I do not want my hon. Friends in this House to fall a prey to the temptation of these people."

SRI MOHAMED RAZA KHAN :—" Mr. Chairman, Sir, I do not feel for a moment that any amount of argument, however reasonable, is going to convince the Hon. the Minister for Revenue and is going to have any effect in the Bill. If I intervene in this debate again, it is only to say a few words by way of reply to the speeches made by the hon. Member Sri Bhashyam and the Hon. Deputy Chairman, Sri Allapichai. In their enthusiasm to support the handloom industry they seem to have unfortunately forgotten the very real nature of the problem. Sir, the whole question is this. Even now people, who may not belong to the Congress Party, go in for *khaddar* because they admire it and also believe it will help the people. There is another class of people who, even if you offer them free gifts of mill cloth or foreign cloth, won't even touch them. They have been using handloom cloth for generations. They always go in for it. And now some people have taken up to mill cloth apart from its utility and other things. Therefore let us not go about saying 'it is shoddy, does not wear long', etc. On this the Hon. Minister dilated too much. Because

the mill cloth is cheap people go in for that cloth. If the present state of the handloom industry in this State is different from what it was in former days, it is not because people here are not purchasing handloom cloth but because the handloom industry has lost its foreign market. If you will refer to the statistics regarding export of handloom cloth from the Madras State in the year 1940–41 to Ceylon, Singapore, Malaya, Indo-China and other countries and compare it with the exports in recent years, you will find that the export has diminished by about 80 to 90 per cent. It is not because of any difficulties created by the local people but because the handloom industry could not cope with the changes in fashion in this country or face the competition from various other trade interests, like Japan and others. Therefore the handloom industry is in such a bad condition. Let me assure my hon. Friends, Sri 4.40 p.m. Bhashyam and Sri Allapichai, that we want that the Government and the party in power should try to give all possible help to the handloom industry. Sir, we are one with the Government in giving relief to the handloom industry but it is one thing to give relief to the handloom weavers and it is quite another thing to come out with such a heavy taxation measure in the name of giving them relief. It has been brilliantly proved by our Deputy Leader, the hon. Member Dr. V. K. John, who was in his usual spirit to-day, and my hon. Friends, Sri M. P. Govinda Menon and Sri G. Krishnamurthy that the proposed additional taxation of one anna and three pies is not going to be borne by the merchant or the wholesaler or the producer. This is a fact which cannot be denied. Suppose my capacity to purchase cloth is only Rs. 10. Now, I will have to pay Rs. 1–8–0 or Rs. 2–8–0 more either to the State exchequer or to the Central exchequer. The Government themselves have admitted that cloth is a necessity but the whole case is that a heavy tax is imposed on this necessity of life.

"If the hon. Member, Sri K. Bhashyam, has got that much of influence with the State Government or with the Centre to force their hands to say that the variety of goods produced by the handloom weavers and which are sold in this State are to be reserved for them, it is well and good. But it should be remembered that the weavers are not producing all the varieties of cloth which are in demand in this State. There are only two or three particular varieties which they are producing. Inasmuch as the Government have failed to influence the Centre to reserve these particular varieties for the handlooms, the Government have come forward with these taxation measures. I was surprised to hear Member after Member of the party in power, who has sworn by the poor people all these eight years, supporting these measures. This taxation does not affect either the hon. Member, Sri K. Balasubramanya Ayyar or myself, so much as it affects the poor people by whom the hon. Members on the other side have sworn all these years. It is they who have now brought forward these taxation measures. I would request them for Heaven's sake not to speak of helping the poor. Hon. Members of the party in power do not want any distinction between one community and

another, between one district and another and between one State and another, but I was surprised to hear their arguments that this additional taxation did not matter much because most of the imported mill colth was only from Bombay and Ahmedabad. This argument has been used, not by the Hon. the Minister in charge of the Bill, but by some of the hon. Members. But, I do not blame them. Are there not certain goods which we are exporting to other States and in which we have a monopoly? Are we not exporting yarn to other State? Therefore, if we take this argument to its logical conclusion, there will be no Inter-State trade at all. It is all a fallacy. If the tax on medium cloth is also to be increased, many unfortunate people employed under the wholesale and retail dealers will be thrown out of employment because the business, diminished as it is, will diminish still further. Though not a lakh of people at least a few thousands will become unemployed creating a further problem for the Government.

"I cannot agree with the Hon. Minister when he says that superfine or fine cloth is purchased only by the upper classes. It is not the upper classes alone that are purchasing them. There are also cheaper varieties of fine cloth. But, by the imposition of this tax on medium cloth, a person whose salary may be about Rs. 40 per month will now be asked to pay about 3 annas more if he requires about three yards of khaki drill. I therefore feel that, if we take all these aspects into consideration, we will see that it is quite unfair on the part of the Government to have come forward with this taxation measure. There are so many other ways of supporting the handloom industry than by the imposition of a tax on medium cloth. If the Hon. the Minister for Industries and Labour will go into the question of the money collected by way of the cess for the protection of the handloom industry, he will find that the money is not being put to any good use and that it is being wasted in so many other ways. It is not really going to the help of the people in the industry. I am sure that there will be enough time for the Hon. the Minister for Industries to go into this question, and try to rectify it. I therefore say that we are not opposing the Bill simply for the sake of opposition. I do feel that there is no justification and no basis whatever for the Government to have come forward with such a heavy measure of taxation. Even if my hon. and veteran Friend, Sri V. Bashyam Ayyangar, wanted the State's revenues to be augmented, why should they levy a tax of one anna three pies alone? Why should it not be a rupee and why should cloth alone be taxed? With due respect to my lawyer Friends here, why should not a tax be levied on lawyers and why should they not be asked to pay Rs. 50 for every case they take up? At the rate at which the Government are going there will be no end to the difficulties and the suffering of the people. The measure before the House now will only result in more and more difficulties to the people."

SRI K. BALASUBRAMANYA AYYAR :—" Mr. Chairman, Sir, I do not want to go again into the various aspects which I

have gone into in regard to the other Bill which has just now been passed. So far as this Bill is concerned and so far as the counts between 17s and 35s are concerned, there is an Act called the Essential Goods Act passed by the Union Government in which the articles essential for the life of the community are listed. Medium cloth is one of those articles declared to be essential for the life of the community in the Schedule under this Act. It has also been laid down in the Constitution of India—Article 286 (3)—that this Bill, even if it is passed by this Legislature, should receive the assent of the President. This Government seem to think that the assent of the President is a sort of a mechanical affair and that as soon as this Legislature passes this Bill, it would receive the assent of the President. It is nothing of the kind because medium cloth has been declared to be essential for the life of the community under the Essential Goods Act. What is it that we have done to provide a substitute for this mill made medium cloth except talking? Can we expect the handloom weavers from tomorrow onwards simply by an *ukase* issued to them to supply the needs of the community in regard to medium cloth? It is not possible to do so in the generation in which my hon. Friend, Sri K. Bhashyam, is living and in the generation in which I am living. Probably it is possible in another generation or later. Are we passing this measure for the sake of the generations yet to come? It is therefore hardly fair that one should put forward the kind of arguments that were put forth from the Government side, however enthusiastic one may be to support the handloom industry. We are also anxious to support the handloom industry, and it is wrong and unfair to say that we are against the handloom industry and that it is the monopoly of the Government alone to support this industry. It is not so. It is for the people to support the industry. However much we may argue about it, this is not the process by which we could help the handloom industry. Medium cloth is an essential article necessary for the life of the community and by merely levying a tax of one anna three pies on it, how are we going to support the handloom industry? It is not fair. Of course, the Government will say that the President will give his assent but I am perfectly sure that if this matter is considered in the spirit in which the Essential Goods Act was passed, it is very difficult to get the assent of the President for this measure."

* SRI M. P. GOVINDA MENON :—" Mr. Chairman, Sir, we know the distinction between the first Bill, namely, the Madras General Sales Tax (Second Amendment) Bill, 1954, and the Madras Medium Cotton Cloth (Sales Tax) Bill, 1954. The second Bill has been introduced because it deals with an essential article necessary for the life of the commuinty and, if this Bill is passed by both Houses of the Legislature, it has to be reserved for the assent of the President. We know that we cannot claim the assent of the President as a matter of right. But, knowing, as we do, the President, as a great disciple of the Mahatma, the Father of the Nation, he will be the first to give his assent as far

4-50 p.m. as this measure is concerned because it is a matter very dear to his heart. Though this medium cloth comes under the Essential Goods Act, there will be no difficulty about the assent of the President. We are satisfied of that. Though it is stated in the Statement of Objects and Reasons that these two Bills are for augmenting the revenues of the State, it has been made clear in the Budget speech that these measures are intended not only for increasing the revenue of the State but also for some other purpose. Some hon. Members ask ' How can we help the handloom industry by taxing the mill cloth? ' That is the only way by which we can give protection to the handloom industry. If we want to protect the handloom industry, we must impose a tax on those industries which compete with the handloom industry. The handloom weavers must be able to sell their articles at cheaper rates so that they may be able to compete with the mill-made cloth. Though I am in the Opposition, I think this measure is necessary for the safety and good of the country. I therefore wholeheartedly support this Bill."

* THE HON. SRI M. A. MANICKAVELU NAICKER :—" Mr. Chairman, Sir, I can well understand the anger of Dr. John because one mature Member after another got up and supported this Bill giving cogent reasons. He says that there will not be enough production of handloom cloth to meet the requirements of all the people. Yes, I do admit it, Sir. The handloom industry may not meet the demands of all the people. But this Bill will not put a stop to the manufacture of mill-made goods. As long as there are ' Johns ' and his friends in this country, there will be no difficulty for the sale of mill-made cloth. We do not stop the sale of mill-made cloth. We cannot produce in handlooms all the cloth required for the country. To the extent that this Bill gives protection against too much influx of mill-made cloth, we must be satisfied. Then the hon. Member Dr. John said ' I have not mentioned a word about the abolition of sales tax on handloom cloth '. I do not know in which part of the world Dr. John is living. Everybody knows that no sales tax is levied on handloom cloth. The hon. Member Dr. John is not moving with persons who wear handloom cloth but he is mixing freely with persons who are wearing Tussores, Sations and Rayons. I thought it was not necessary to say anything about that.

" Then, as regards protection, it is a well-known fact that cottage industries have been protected even in other countries. I know that in highly industrialised countries, cottage industries have been protected when there was necessity for such protection. There is no point in saying that we alone are protecting the cottage industries. Then as regards the point raised by the hon. Member Sri Mohamed Raza Khan, such a peculiar difficulty is felt only in the States of Bengal and Madras. It is not so in other States. In other States there will be need for mill-made cloth and there is ample scope for mill-made cloth being used there. This will not in any way affect the textile industry. That should also be

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borne in mind. As regards the fall in exports, it was said that proper patterns were not forthcoming and that Government should take steps to improve the patterns for export markets. The Government are taking active steps to improve the patterns. Experts have been appointed and they study the patterns that attract the Americans, the Egyptians and other people and which suit their fashion. We are taking steps in every direction to promote and encourage this industry. Therefore, nobody need be under the impression that the Government are not taking the necessary steps. I wish that the hon. the Deputy Leader of the Opposition abides by the mature opinions of hon. Members of this House. He can sail with them and need not stand alone."

MR. CHAIRMAN :—"The question is—

'That the Madras Medium Cotton Mill Cloth (Sales Tax) Bill, 1954 (L.A. Bill No. 21 of 1954), as passed by the Assembly, be taken into consideration.' "

The motion was carried and the Bill was taken into consideration.

Clauses 2, 3, 1 and the Preamble were put and carried.

* THE HON. SRI M. A. MANICKAVELU NAICKER :—"I beg to move—

"*That the Madras Medium Cotton Mill Cloth* (*Sales Tax*) *Bill*, 1954 (*L.A. Bill No.* 21 *of* 1954), *as passed by the Assembly, be passed.*' "

* DR. V. K. JOHN :—"At this stage of the third reading of the Bill, I wish to record my strong and emphatic protest against the imposition of this tax, which, in my opinion, is a regressive measure and which will hit hard the poor people. In this State, it will have the effect of ruining a very great industry. Not only that. It will have the effect of ruining the traders engaged in it and driving out business from this State. It has very far-reaching consequences. I therefore protest emphatically against this measure."

SRI K. BALASUBRAMANYA AYYAR :—"One point, Sir. In the case of assessment, the burden of proving that it is not the first sale is put upon the assessee. According to me, this is wrong. In any taxation measure the burden is upon the Government which collects the tax. I am stating the general law."

SRI K. BHASHYAM :—"Sir, there are Acts like the Excise Act in which the onus is laid upon the person who is paying the tax. It is not as if there are no other Acts with a similar provision."

MR. CHAIRMAN :—" The question is—

'That the Madras Medium Cotton Mill Cloth (Sales Tax) Bill, 1954 (L.A. Bill No. 21 of 1954), as passed by the Assembly be passed.' "

The motion was carried and the Bill was passed.

MR. CHAIRMAN :—" The House will now adjourn and meet again at 2-30 p.m. on Monday, the 17th May 1954."

The House then adjourned to meet again at 2-30 p.m. on Monday, the 17th May 1954.

V.—PAPERS LAID ON THE TABLE OF THE HOUSE.

Bills passed by the Assembly and received therefrom in the Council—

[a] (a) *The Madras Preservation of Private Forests (Amendment) Bill,* 1953 (*L.A. Bill No.* 23 *of* 1953).

[a] (b) *The Madras Proprietary Estates' Village Service and Hereditary Village Offices (Amendment) Bill,* 1954 (*L.A. Bill No.* 22 *of* 1954).

[a] Despatched by messenger on 14th May 1954.